

BUDGET, FINANCE & INVESTMENT COMMITTEE

October 4, 2012

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Charlie Baum
Comm. Joe Frank Jernigan
Comm. Will Jordan
Comm. Steve Sandlin
Comm. Doug Shafer
Comm. Joyce Ealy, Chrm.

Others Present:

Ernest Burgess
Teb Batey
Lisa Nolen
Dr. Sidney McPhee
Melissa Stinson
Larry Farley

Others Present:

Jamie Leyhew
Justin Lewis
Jeff Sandvig
Mary Schneider
David Jones
Elaine Short

Chairman Ealy presided and called the meeting to order with Comm. Peay being absent.

APPROVE MINUTES:

The minutes of the September 6, 2012 Budget Committee meeting were presented for approval.

Comm. Shafer moved, seconded by Comm. Jernigan to approve the minutes as presented.

The motion passed unanimously by acclamation.

INVESTMENT REPORT:

Mr. Teb Batey, Trustee, presented the monthly Investment Report for the use and information of the committee advising that there was one investment bid during the month which received an interest rate of .35%. The LGIP interest rate for the month was .14%.

Comm. Jernigan moved, seconded by Comm. Jordan to approve the monthly Investment Report as presented.

The motion passed unanimously by acclamation.

FUND CONDITION REPORT:

The Finance Director presented the monthly Fund Condition Report advising that the Development Tax collections for the month were \$107,250 with the year-to-date collections being \$385,500. This compared to the same period last year when the September collections totaled \$60,750, and the year-to-date collections totaled \$255,000.

The committee reviewed the fund cash balances totaling \$152,501,107 with operating funds being \$121,711,603 and borrowed funds being \$30,789,505. This compared to the same period last year when the total cash balances were \$114,460,480 with the operating funds totaling \$96,573,554 and the borrowed funds totaling \$17,886,926.

The Finance Director reviewed the revenue collections advising that the local tax collections for the General Fund appeared to be significantly higher than the previous two years, and that was due to the fact that the Nissan payment-in-lieu of taxes was received before the end of September.

The Finance Director also advised that due to an audit adjustment in the Ambulance Service Fund the revenue for charges for current services appeared to be less. She explained that typically the auditors had reflected the June revenue received in July as prior period revenue in the audit. The auditors now want the county to reflect the June revenue as prior period revenue on the county's books and records. This will affect the appearance of the Ambulance Service revenue comparisons, but the county's books and records will better reflect what the audit will show.

The Finance Director reviewed the Statement of Operations to date, which reflected that the estimated ending Unassigned Fund Balance in the General Fund at June 30, 2013 was \$13,568,903. The estimated ending Unassigned Fund Balance in the General Purpose School Fund at June 30, 2013 was \$10,132,867.

Following review, Comm. Jordan moved, seconded by Comm. Sandlin to approve the monthly Fund Condition Report as presented.

The motion passed unanimously by acclamation.

RISK MANAGEMENT REPORT:

Mrs. Melissa Stinson, Risk Management Director, presented the monthly Insurance Financial Reports advising that for Fund 264, the cost per employee per month for the medical, dental and vision plans was \$688.83 compared to \$817.46 for the prior year. When including the on-site medical clinics, the cost per employee per month was \$709.99 compared to \$835.21 for the prior year. The report reflected a 3.3% decline overall in experience from the prior year.

The committee reviewed Fund 266, Employee Work Injury performance, which reflected year-to-date claims totaling \$243,485 compared to \$155,428 for the prior year. She explained that one large claim had been paid this fiscal year.

Comm. Sandlin moved, seconded by Comm. Baum to approve the monthly Insurance Financial Reports as presented.

The motion passed unanimously by acclamation.

GENERAL FUND BUDGET AMENDMENTS

ARCHIVES:

The Finance Director requested approval of the following budget transfer for the Archives Department to provide funding to replace a copier:

From: 101-51910-711 – Furniture & Fixtures -	\$3,000
To: 101-51910-719 – Office Equipment -	\$3,000

Comm. Sandlin moved, seconded by Comm. Shafer to approve the budget transfer for the Archives Department as requested transferring \$3,000 from Account 101-51910-711, Furniture & Fixtures, to Account 101-51910-719, Office Equipment.

The motion passed unanimously by roll call vote.

GENERAL SESSIONS COURT:

The Finance Director advised that Government Services Automation (GSA) had conducted an audit of invoices billed to the county and discovered that two invoices at \$1,400 each from the 2009-10 fiscal year were not paid for the General Sessions Court. There was \$2,800 left over in the Data Processing Services Account at the end of 2010 that rolled into the Unassigned Fund Balance. Approval of the following budget amendment for the General Sessions Court was requested to provide funding from the Unassigned Fund Balance to the General Sessions Court Data Processing Services Account to cover the two invoices:

From: 101-39000 – Unassigned Fund Balance -	\$2,800
To: 101-53300-317 – Data Processing Services -	\$2,800

Comm. Jordan moved, seconded by Comm. Baum to approve the budget amendment for the General Sessions Court as requested amending \$2,800 from Account 101-39000, Unassigned Fund Balance, to Account 101-53300-317, Data Processing Services.

The motion passed unanimously by roll call vote.

FIRE & RESCUE:

Chief Larry Farley requested approval of the following budget amendment for the Fire & Rescue Department to correct the amount carried over from the 2011-12 budget to the 2012-13 budget for the 2011 Assistance to Firefighters Grant that was \$85 short:

From: 101-39000 – Unassigned Fund Balance -	\$85
To: 101-54320-790 – Other Equipment -	\$85

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget amendment for the Fire & Rescue Department as requested amending \$85 from Account 101-39000, Unassigned Fund Balance, to Account 101-54320-790, Other Equipment.

The motion passed unanimously by roll call vote.

COUNTY MAYOR:

Mayor Ernest Burgess requested approval of the following budget transfer to provide funding within the Mayor's budget for architect services to design the reconstruction of Fire Station No. 3 on Elam Road, which burned:

From: 101-51300-599 – Other Charges -	\$ 7,000
101-51300-321 – Engineering Services -	10,000
To: 101-51300-304 – Architect -	\$17,000

An Agreement with Kline-Swinney Associates was presented for approval for the architect/engineering fee proposal not to exceed \$17,000 to provide adequate drawings and specifications to get competitive bids to repair and replace fire damage for the Elam Road Fire Station.

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget transfer as requested to provide funding within the Mayor's budget for architect services to design the reconstruction of Fire Station No.3 on Elam Road transferring \$7,000 from Account 101-51300-599, Other Charges, and \$10,000 from Account 101-51300-321, Engineering Services, with a total of \$17,000 to Account 101-51300-304, Architects; and additionally, to authorize the County Mayor to execute the Standard Form of Agreement with Kline Swinney Associates in an amount not to exceed \$17,000 to provide architect and engineering services to repair and replace the existing structure and finishes damaged by fire to the existing County Fire Hall located at 5500 Elam Road, Murfreesboro, Tennessee.

The motion passed unanimously by roll call vote.

SHERIFF'S DEPARTMENT & JAIL:

The Finance Director advised that there had been changes to the Sheriff's Department personnel, which resulted in the Human Resource Director reviewing the salaries. She advised that as a result the evaluations of 11 more lieutenant positions needed correcting. The Finance Director requested approval of the following budget amendment to correct the salaries:

From: 101-39000 – Unassigned Fund Balance -	\$33,995
To Sheriff's Department:	
101-54110-110 – Lieutenants -	\$17,643
101-54110-201 – Social Security -	1,094
101-54110-204 – State Retirement -	2,239

101-54110-209 – Disability Insurance -	35
101-54110-212 – Employer Medicare -	256

To Jail:

101-54210-110 – Lieutenants -	\$10,560
101-54210-201 – Social Security -	655
101-54210-204 – State Retirement -	1,340
101-54210-209 – Disability Insurance -	20
101-54210-212 – Employer Medicare -	153

Comm. Sandlin moved, seconded by Comm. Jernigan to approve the budget amendment for the Sheriff's Department and Jail to correct the evaluations of 11 lieutenant positions amending \$33,995 from Account 101-39000, Unassigned Fund Balance, with \$17,643 to Account 101-54110-110, Sheriff's Department Lieutenants, \$1,094 to Account 101-54110-201, Social Security, \$2,239 to Account 101-54110-204, State Retirement, \$35 to Account 101-54110-209, Disability Insurance, \$256 to Account 101-54110-212, Employer Medicare, \$10,560 to Account 101-54210-110, Jail Lieutenants, \$655 to Account 101-54210-201, Social Security, \$1,340 to Account 101-54210-204, State Retirement, \$20 to Account 101-54210-209, Disability Insurance, and \$153 to Account 101-54210-212, Employer Medicare.

The motion passed unanimously by roll call vote.

EDUCATION CAPITAL PROJECTS FUND BUDGET AMENDMENT:

Mr. Jeff Sandvig, Assistant Superintendent, requested approval of the following budget amendment in the amount of \$55,196 to complete the plumbing and other associated work for Campus School Renovation Phase II:

From: 177-34685 – Committed for Capital Projects -	\$55,196
To: 177-91300-335 – Maint./Repair Buildings -	\$55,196

Comm. Shafer moved, seconded by Comm. Jernigan to approve the budget amendment for the Education Capital Projects Fund as requested amending \$55,196 from Account 177-34685, Committed for Capital Projects, to Account 177-91300-335, Maintenance & Repair Services Buildings.

The motion passed unanimously by roll call vote.

SPECIAL PURPOSE FUND BUDGET AMENDMENT:

The Finance Director requested approval of the following Special Purpose (DEA) Fund budget amendment to recognize revenue received from Asset Forfeitures and to appropriate the revenue for vehicles:

Increase Revenue:	121-47700 – Asset Forfeiture Funds -	\$5,041
Increase Expend.:	121-54110-718 – Motor Vehicles -	\$5,041

Comm. Jordan moved, seconded by Comm. Baum to approve the budget amendment for the Special Purpose (DEA) Fund as requested increasing Revenue Account 101-47700, Asset Forfeiture Funds, by \$5,041 and increasing Expenditure Account 121-54110-718, Motor Vehicles by \$5,041.

The motion passed unanimously by roll call vote.

GRANT CONTRACT WITH TENNESSEE DEPARTMENT OF TRANSPORTATION FOR DRUG COURT:

Ms. Mary Schneider, Drug Court Coordinator, advised that the Drug Court had been awarded a Governor's Highway Safety Grant in the amount of \$29,657.50, which required no local matching funds. She advised that she applied for the grant every year, and had been told for the past couple of years, that the grant would not be awarded; however, the grant was renewed for the period beginning on October 1, 2012 and ending on September 30, 2013. The grant funds will assist in providing the funds for the salary of the DUI Court therapist.

Comm. Sandlin moved, seconded by Comm. Shafer to authorize the County Mayor to execute the Grant Contract with the Tennessee Department of Transportation in the amount of \$29,657.50 for the Rutherford County DUI Court Program and to forward the same to the County Commission.

The motion passed unanimously by roll call vote.

RECOMMENDATION FOR FUNDING FOR M.T.S.U. SCIENCE BUILDING:

Chairman Ealy advised that the Health & Education Committee had forwarded a recommendation to the Budget Committee to support \$100,000 this fiscal year as a contribution toward the construction of the new M.T.S.U. science building with the understanding to look at the request every year until \$1,000,000 is reached. The Health & Education Committee did not specify a funding mechanism.

The Finance Director presented two possible funding options with one being the Unassigned Fund Balance and the other being the Development Tax.

Using the Unassigned Fund Balance, the Finance Director presented an analysis reflecting obligations to date with an estimated ending fund balance of \$14,109,361 at June 30, 2012. If \$100,000 was appropriated from the Unassigned Fund Balance toward the M.T.S.U. Science Building, the estimated ending fund balance after the request would be \$14,009,361. The 15% required fund balance would be \$11,621,400.

The Finance Director advised that \$1,000,000 in revenue had been estimated from Development Tax collections. One half of this amount or \$500,000 could be used toward capital, and the other half would go toward debt service. The beginning balance in the Restricted for Capital Account was \$1,741,859 with estimated revenue of \$500,000. Estimated uses for the Development Tax totaled \$992,800 leaving a balance at June 30, 2012 of \$1,249,059. If \$100,000 was funded from the Development Tax for the M.T.S.U. Science Building, that would leave a remaining balance of \$1,149,059. If more revenue is received than estimated, the ending balance would be better.

The Finance Director stated that the \$100,000 contribution for the new M.T.S.U. Science Building would be an appropriate expenditure of either the Development Tax or the Unassigned Fund Balance.

Mayor Burgess advised that M.T.S.U. had made an official request of \$1,000,000 over a five-year period.

Comm. Sandlin stated that when it came to education and what it did for the community, there were a lot of positives and not too many negatives. He asked if any of the cities had been asked to contribute to the project.

Mayor Burgess advised that \$1,000,000 had also been requested from the City of Murfreesboro. The newspaper has reported that the City Manager would be making a recommendation to pay that over three years. He stated that the City of Murfreesboro had not taken any official action at this point, and that it was working through their process.

Comm. Jordan stated that there was a lot of discussion at the Health & Education Committee, and that everybody on the committee supported M.T.S.U. He stated that it was discussed as to whether or not future commissions could be committed. He stated that the motion from the Health & Education Committee was in favor of funding \$100,000 this fiscal year and to look at it again next year and hopefully the next five years. He stated that it was a split vote at the Health & Education Committee. He stated that some members did not want to contribute anything, some members wanted to contribute \$200,000 and some members wanted to contribute \$100,000. Comm. Jordan stated that he could support the recommendation from the Health & Education Committee, and that the amount of the impact that M.T.S.U. had on the community could not be calculated.

Comm. Baum disclosed that he was an M.T.S.U. employee in the College of Business, but he declared that his argument and his conscious answered both to his constituents and to the citizens that he represented. He stated that he supported Motlow's capital project earlier this year, and that he believed that he would be consistent if he supported M.T.S.U.'s project.

Comm. Baum stated that he could see how the project would create jobs, and it certainly would create construction jobs to build the structure. Once the building was complete, there would be some jobs created associated with staffing and maintaining the building. The students trained in the building would enhance the quality of the labor force. As employers move to the area they would be able to find workers who were trained in science. He stated that about 8,000, or approximately 30%, of M.T.S.U.'s students were from Rutherford County. He stated that some of these students would be trained as science teachers for the K-12 school system.

Comm. Baum stated that M.T.S.U. had been a good neighbor in providing facilities for the TSSAA, which generated revenue for the community. M.T.S.U. had helped the county with some of the GIS mapping projects, and conducted economic impact studies. He stated that he did believe it was the state's responsibility to fund higher education, and he believed that they should fully fund this project, but they were not going to do that.

Comm. Baum stated that the Health & Education Committee was recommending a contribution of \$100,000, and he believed that was reasonable considering that the building was going to be a \$147 million building.

Comm. Baum stated that he believed that the committee should consider providing the funding for the Restricted for Capital Projects Account (Development Tax). He stated that funding long-term capital projects that were designed to enhance the county's development was exactly what that fund was for. He stated that at the end of last month, the balance in the account was \$1.2 million. He stated that the money that was in the restricted account could not be used to hire county employees, purchase gasoline or other operational purposes. He stated that he believed that the money in the fund should be used to support the best capital projects in the community, and he believed that the M.T.S.U. project was a good capital project.

Comm. Shafer stated that he agreed with Comm. Baum's comments. He stated that there was a company in town that was going to bring 50 to 75 jobs to a local plant, but could not find enough qualified people to fill the jobs. He stated that all three of his children were doing very well in private industry, and they all received their degrees from M.T.S.U. He stated that the County Commission also agreed to give Motlow \$100,000 each year for two years. He stated that M.T.S.U. had also provided interns for several departments over the years.

Dr. Sidney McPhee, M.T.S.U. President, addressed the committee thanking them for their consideration of the request. Dr. McPhee advised that he had personal conversations with Mayor Bragg and every member of the Murfreesboro City Council regarding the request for the \$1,000,000, and he had received a very firm commitment that the city would indeed be making that commitment over a multi-year period. He stated that he had been told that the commitment from the City of Murfreesboro would be coming through their regular budgeting process.

Dr. McPhee stated that ground was broken for the project in April, and that construction had begun. He stated that the project would take about 2 ½ years to complete, and when finished it would be one of the finest science academic facilities in the country.

Comm. Jernigan asked the Finance Director what her recommendation would be for funding the project.

The Finance Director advised that either option, the Unassigned Fund Balance, or the Restricted for Capital Projects Account would be appropriate and that she did not have a preference of one over the other.

Comm. Sandlin stated that this would be a commitment for this year only, and any future funding would be a separate decision.

Comm. Jordan moved, seconded by Comm. Shafer to appropriate \$100,000 from the Restricted for Capital Account (Development Tax) for fiscal year 2012-13 for the construction of the M.T.S.U. Science Building and to look at it again next fiscal year to consider any additional funding.

The motion passed unanimously by roll call vote.

ADJOURNMENT:

There being no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 6:18 P.M.

Elaine Short, Secretary